

SENATE BILL 2071
By McNally

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4, Part 8, to make certain changes in the excise tax law relative to exclusion of expenses resulting from transactions between members of unitary groups when computing net earnings on combined returns required of unitary groups of financial institutions.

WHEREAS, the Tennessee General Assembly has enacted Chapter 37 of the Public Acts of 1991; and

WHEREAS, the legislature intended to provide for the filing of combined corporate franchise, excise tax returns by unitary groups of financial institutions; and

WHEREAS, the legislature intended that all receipts and expenses resulting from transactions between members of a unitary group of financial institutions filing a combined franchise, excise tax return be eliminated when determining net earnings for excise tax purposes; and

WHEREAS, the legislature desires to make this intention perfectly clear so there is no occasion for misunderstanding; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-805(a), is amended by deleting subdivision (3) in its entirety and by substituting instead the following:

(3) For a unitary business, as defined in Section 67-4-804(a)(16), "net earnings" is defined as the combined net earnings as defined in subdivision (a)(1) for all members

of the unitary group with all dividends, receipts and expenses resulting from transactions between members of the unitary group excluded, and subject to the adjustments in subsection (b) on a combined basis.

SECTION 2. Tennessee Code Annotated Section, 67-4-817(d), is amended by deleting the subsection in its entirety and by substituting instead the following:

(d) Financial institutions which form a unitary business as defined in Section 67-4-804(a)(16) shall file a combined return and pay tax on all operations of the unitary business. This return shall include the net earnings of all members of the unitary group even if some of the members would not otherwise be subject to taxation under this part. All dividends, receipts and expenses resulting from transactions between members of a unitary group shall be excluded from the return.

SECTION 3. This act shall take effect upon becoming law, the public welfare requiring it.

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